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Risk Aversion

The U.S. has stopped distributing the Johnson & Johnson vaccine. It has been given to more than 7 million people, and there have been six reported cases of blood clotting. Here in Denmark, we have stopped giving the Astra Zeneca vaccine because of one similar case. That is not risk management, that is risk aversion.



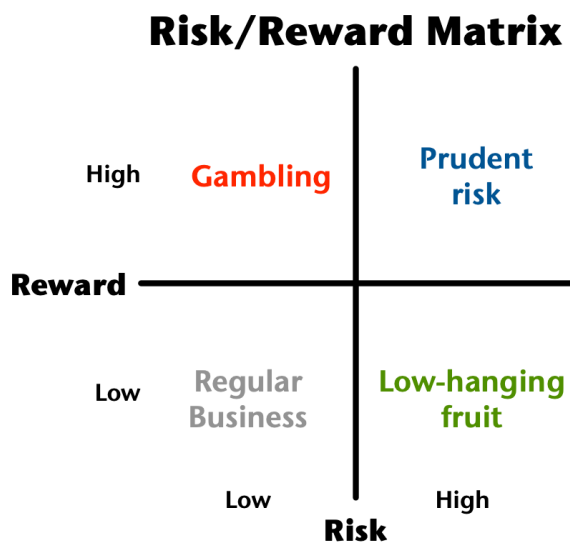
Risk management is one of the basic leadership tasks. The leader has to decide if the benefit of a certain decision is worth the risk of something bad happening. If we could calculate the exact probability and the exact impact, risk management would be a purely mathematical exercise. But since both probability and impact are only

vaguely known, the leader has to use his or her experience, evaluate contrasting opinions, and make the call.

There is a classic short story by Stephen Leacock called "[The Man in Asbestos](#)." It is from the time where fire-resistant asbestos was considered one of the miracle materials of the future. The narrator travels to the future to find a drab and risk-averse society where aging has been eliminated together with all disease. Machines produce everything anybody needs. Since everybody will live forever, barring accidents, railroads and cars are outlawed as too dangerous. Nobody needs to go anywhere, and nobody does. In this future, everybody has everything they need and lives forever, but the narrator is appalled at consequent stagnation.

That story was written in 1911 but was very prescient. We have since eliminated many risks and have increased our standard of living immeasurably. And we are less and less willing to accept any risk.

A leader accepts the risk and reaps the benefit. But our decisions are increasingly influenced by experts who point out the dangers. If you have dedicated your life to immunology, you know what the risks are. From the viewpoint of the immunologist, it is safest to lock everybody down until everyone is vaccinated. A political leader takes that input together with input from economists and other experts about the costs of lockdown and makes a leadership decision.



In organizations, the equivalent to the immunologist resides in legal, compliance, QA, risk management, or validation departments. They point out all the risks - children might swallow our product, we might get sued, we might have our operating license revoked. The larger the organization, the more of these departments of

innovation prevention you will have. It takes courageous leadership to overrule the objects of the naysayers. The reason smaller organizations are able to out-innovate larger ones is that they can spend their leadership time on innovation and growth and instead of on fighting organizational units dedicated to preserving the status quo.

As an IT leader, it is your job to make sure your organization doesn't get paralyzed by risk aversion.

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